

**LEGISLATIVE SERVICES AGENCY  
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House  
(317) 232-9855

**FISCAL IMPACT STATEMENT**

**LS 6105**

**BILL NUMBER:** HB 1498

**DATE PREPARED:** Nov 14, 1998

**BILL AMENDED:**

**SUBJECT:** Tax credits for hiring minority youth.

**FISCAL ANALYST:** Diane Powers

**PHONE NUMBER:** 232-9853

**FUNDS AFFECTED:** ☒ **GENERAL**  
☒ **DEDICATED**  
**FEDERAL**

**IMPACT:** State

STATE IMPACT	FY 1999	FY 2000	FY 2001
State Revenues			(1,000,000)
State Expenditures			
Net Increase (Decrease)			(1,000,000)

**Summary of Legislation:** This bill entitles a taxpayer who employs a minority youth to a tax credit equal to 25% of the wages paid to the minority youth or \$500, whichever is less. The bill also provides that the maximum amount of total credits allowed to all taxpayers in a state fiscal year is \$1,000,000.

**Effective Date:** January 1, 2000.

**Explanation of State Expenditures:** A taxpayer must file an application with the Department of Revenue for the tax credit. The increase in the Department of Revenue's expenditures for staff, printing costs and computer changes should be covered under their existing budget.

**Explanation of State Revenues:** The bill allows a tax credit in the amount of the lesser of 25% of the wages paid to a minority youth or \$500 per youth. The amount of tax credits per fiscal year may not exceed \$1 million. The credit applies to taxable years beginning January 1, 2000 so the fiscal impact of this bill will first occur in FY 2001. A taxpayer may carry forward any amount of the tax credit which exceed their current tax liability but may not carry back or receive a refund for this credit.

Based on the Census Bureau information, it is estimated that there are approximately 36,000 minority youth who are between 16 and 20 years of age. It is not known how many of these youth are currently in the work

force or would be from households with incomes less than \$20,000. The tax credit would cover approximately 2,000 youths if the maximum credit is claimed per youth. This credit could be claimed by employers who currently have employees who meet the qualifications of this bill.

Revenue from the gross income tax, adjusted gross income tax, supplemental net income tax, the financial institutions tax and the insurance premium tax is deposited in the General Fund and a portion of the adjusted gross income tax is deposited in the Property Tax Replacement Fund.

**Explanation of Local Expenditures:**

**Explanation of Local Revenues:**

**State Agencies Affected:** Department of Revenue.

**Local Agencies Affected:**

**Information Sources:** U. S. Census Bureau, Estimates of the Population of States.